

**ASSEMBLY BILL**

**No. 1047**

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**Introduced by Assembly Member Levine**

February 22, 2005

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An act to add Chapter 4 (commencing with Section 129625) to Part 6 of Division 107 of the Health and Safety Code, relating to financing the construction of health facilities by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

AB 1047, as introduced, Levine. Health facilities: financing.

Existing law contains general obligation bond acts to finance the construction of state correctional, educational, and water facilities.

This bill would enact the Safe Hospitals Bond Act of 2005, which if adopted, would authorize the issuance, pursuant to the State General Obligation Bond Law, of bonds in an unspecified amount to provide for the construction, replacement, renovation, and retrofit of currently licensed health facilities that are subject to, and for purposes of meeting the requirements of, the Alfred E. Alquist Hospital Facilities Seismic Safety Act. The funds would be administered by the Office of Statewide Health Planning and Development.

The bill would provide for submission of the bond act to the voters at the next statewide election.

This bill would provide that it contains proposed language for display purposes only and would state that no fund shall be established by this bill, no bonds shall be issued or sold pursuant to this bill, and no debt or liability shall be created by the bill.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Chapter 4 (commencing with Section 129625) is added to Part 6 of Division 107 of the Health and Safety Code, to read:

CHAPTER 4. SAFE HOSPITALS BOND ACT OF 2005

Article 1. General Provisions

129625. This chapter shall be known and may be cited as the Safe Hospitals Bond Act of 2005.

129626. The Legislature finds and declares all of the following:

(a) The public relies on hospitals to support patients and offer medical aid, including, to earthquake victims.

(b) There is a need to provide funding for the capital construction, retrofit, and replacement of hospital facilities that house inpatients and provide basic primary care services.

(c) There is also a need to encourage structural retrofits and replacement of hospital buildings that provide basic services and house inpatients so that these facilities remain operational after a major earthquake, and to encourage retrofits and enhancements to critical hospital architecture, equipment, and utility and communications systems to improve the ability of hospitals that do not pose a risk to life to remain operational.

(d) The purpose of the Safe Hospitals Bond Act of 2005 is to take steps to ensure that the expected earthquake performance of hospital buildings housing inpatients and providing primary basic services meet the requirements of the Alfred E. Alquist Hospital Facilities Seismic Safety Act.

129627. As used in this chapter, the following terms shall have the following meanings:

(a) "Committee" means the 2005 Safe Hospitals Bond Finance Committee established pursuant to Section 129632.

1 (b) “Fund” means the 2005 Safe Hospitals Seismic Retrofit  
2 and Construction Bond Fund established pursuant to Section  
3 129628.

4 (c) “Office” means the Office of Statewide Health Planning  
5 and Development.

6  
7 Article 2. Safe Hospitals Bond Finance Program  
8

9 129628. (a) The proceeds of bonds issued and sold pursuant  
10 to this chapter shall be deposited in the 2005 Safe Hospital  
11 Seismic Retrofit and Construction Bond Fund, which is hereby  
12 established in the State Treasury. Unless otherwise specified, the  
13 money in the fund shall be available for appropriation by the  
14 Legislature, in the manner set forth in this chapter.

15 (b) Moneys in the fund shall be used for the construction,  
16 replacement, renovation, or retrofit of currently licensed health  
17 facilities that are subject to the safety standards established by  
18 the Alfred E. Alquist Hospital Facilities Seismic Safety Act,  
19 Chapter 1 (commencing with Section 129675) of Part 7, to help  
20 these facilities comply with the act, as approved by the office. Up  
21 to 1½ percent of moneys in the fund may be used by the office  
22 for administration of this chapter.

23 (c) The office shall not be deemed a responsible agency, as  
24 defined in Section 21069 of the Public Resources Code, or  
25 otherwise be subject to the California Environmental Quality  
26 Act, Division 13 (commencing with Section 21000) of the Public  
27 Resources Code, for any activities undertaken or funded pursuant  
28 to this chapter only as those activities relate to the allocation of  
29 funds to local government. This section does not exempt any  
30 local agency from the requirements of the California  
31 Environmental Quality Act.

32 129629. (a) In order to be eligible to receive money for the  
33 purposes specified in subdivision (b) of Section 129628, a  
34 hospital shall apply in the manner and form prescribed by the  
35 office.

36 (b) The allocation of funds shall be subject to future  
37 appropriation by the Legislature, and shall be based on the  
38 following criteria:

39 (1) Hospital matching funds of at least 25 percent shall be  
40 provided, except that this requirement may be modified or

1 waived by statute where the Legislature determines a case of  
2 hardship.

3 (2) Priority shall be given to either of the following described  
4 hospitals:

5 (A) Those that serve California's medically indigent and other  
6 uninsured. These hospitals shall be ranked according to the  
7 percent of uninsured served at each facility.

8 (B) Those hospitals that provide essential safety net services  
9 that benefit the general public that may not be available  
10 elsewhere in the community.

11 (3) (A) Hospitals that receive funding pursuant to this chapter  
12 shall enter into an agreement with the state that specifies the  
13 quantity of charity care to be provided and the length of time the  
14 hospital will provide the care.

15 (B) For purposes of this section, "charity care" means care  
16 provided to a patient who has no insurance or other source of  
17 payment for care rendered by the hospital and, in addition, is  
18 financially unable to pay, either in cash, monthly payments, or  
19 other payment arrangements, for the care received.

20 (c) Hospitals that have begun to plan, construct, or renovate  
21 facilities after January 1, 2005, but prior to the enactment of this  
22 chapter, shall remain eligible to receive state matching funds.

23

### 24 Article 3. Fiscal Provisions

25

26 129630. (a) Bonds in the total amount of \_\_\_\_ dollars  
27 (\$\_\_\_\_), or so much thereof as is necessary, not including the  
28 amount of any refunding bonds, or so much thereof as is  
29 necessary, may be issued and sold to provide funds to be used for  
30 carrying out the purposes expressed in this chapter and to be used  
31 to reimburse the General Obligation Bond Expense Revolving  
32 Fund pursuant to Section 16724.5 of the Government Code. The  
33 bonds, when sold, shall be and constitute a valid and binding  
34 obligation of the State of California, and the full faith and credit  
35 of the State of California is hereby pledged for the punctual  
36 payment of both principal of, and interest on, the bonds as the  
37 principal and interest become due and payable.

38 129631. The bonds authorized by this chapter shall be  
39 prepared, executed, issued, sold, paid, and redeemed as provided  
40 in the State General Obligation Bond Law (Chapter 4

1 (commencing with Section 16720) of Part 3 of Division 4 of Title  
2 2 of the Government Code) and all of the provisions of that law  
3 apply to the bonds and to this chapter and are hereby  
4 incorporated in this chapter as though set forth in full in this  
5 chapter.

6 129632. (a) Solely for the purpose of authorizing the issuance  
7 and sale pursuant to the State General Obligation Bond Law of  
8 the bonds authorized by this chapter, the 2005 Safe Hospitals  
9 Bond Finance Committee is hereby established. For purposes of  
10 this chapter, the 2005 Safe Hospitals Bond Finance Committee is  
11 “the committee” as that term is used in the State General  
12 Obligation Bond Law. The committee consists of the Controller,  
13 the Treasurer, the Director of Finance, the Director of the Office  
14 of Statewide Health Planning and Development, and the  
15 Secretary of the California Health and Human Services Agency,  
16 or their designated representatives. The Treasurer shall serve as  
17 chairperson of the committee. A majority of the committee may  
18 act for the committee.

19 (b) For purposes of the State General Obligation Bond Law,  
20 the Director of the Office of Statewide Health Planning and  
21 Development is designated “the board.”

22 129633. The committee shall determine whether or not it is  
23 necessary or desirable to issue bonds authorized pursuant to this  
24 chapter in order to carry out the program prescribed by Article 2  
25 (commencing with Section 129628) and, if so, the amount of  
26 bonds to be issued and sold. Successive issues of bonds may be  
27 authorized and sold to carry out those actions progressively, and  
28 it is not necessary that all of the bonds authorized to be issued be  
29 sold at any one time.

30 129634. There shall be collected each year and in the same  
31 manner and at the same time as other state revenue is collected,  
32 in addition to the ordinary revenues of the state, a sum in an  
33 amount required to pay the principal of, and interest on, the  
34 bonds each year. It is the duty of all officers charged by law with  
35 any duty in regard to the collection of the revenue to do and  
36 perform each and every act that is necessary to collect that  
37 additional sum.

38 129635. Notwithstanding Section 13340 of the Government  
39 Code, there is hereby appropriated from the General Fund in the

1 State Treasury, for the purposes of this chapter, an amount that  
2 will equal the total of the following:

3 (a) The sum annually necessary to pay the principal of, and  
4 interest on, bonds issued and sold pursuant to this chapter, as the  
5 principal and interest become due and payable.

6 (b) The sum necessary to carry out Section 129636, which  
7 sum shall be appropriated without regard to fiscal years.

8 129636. For purposes of carrying out this chapter, the  
9 Director of Finance may authorize the withdrawal from the  
10 General Fund of an amount not to exceed the amount of the  
11 unsold bonds that have been authorized by the committee to be  
12 sold for the purpose of carrying out this chapter. Any amounts  
13 withdrawn shall be deposited in the fund. Any money made  
14 available under this section shall be returned to the General Fund  
15 from proceeds received from the sale of bonds for the purpose of  
16 carrying out this chapter.

17 129637. All money deposited in the fund that is derived from  
18 premium and accrued interest on bonds sold shall be reserved in  
19 the fund and shall be available for transfer to the General Fund as  
20 a credit to expenditures for bond interest.

21 129638. Pursuant to Chapter 4 (commencing with Section  
22 16720) of Part 3 of Division 4 of Title 2 of the Government  
23 Code, the cost of bond issuance shall be paid out of the bond  
24 proceeds. These costs shall be shared proportionately by each  
25 program funded through this bond act.

26 129639. The committee may request the Pooled Money  
27 Investment Board to make a loan from the Pooled Money  
28 Investment Account, including other forms of interim financing  
29 that include, but are not limited to, commercial paper, in  
30 accordance with Section 16312 of the Government Code, for the  
31 purposes of carrying out this chapter. The amount of the request  
32 shall not exceed the amount of the unsold bonds that the  
33 committee, by resolution, has authorized to be sold for the  
34 purpose of carrying out this chapter. The committee shall execute  
35 any documents required by the Pooled Money Investment Board  
36 to obtain and repay the loan. Any amounts loaned shall be  
37 deposited in the fund to be allocated by the office in accordance  
38 with this chapter.

39 129640. The bonds may be refunded in accordance with  
40 Article 6 (commencing with Section 16780) of Chapter 4 of Part

1 3 of Division 4 of Title 2 of the Government Code, which is part  
2 of the State General Obligation Bond Law. Approval by the  
3 voters of the state for the issuance of the bonds described in this  
4 chapter includes the approval of the issuance of any bonds issued  
5 to refund any bonds originally issued under this chapter or any  
6 previously issued refunding bonds.

7 129641. Notwithstanding any other provision of this chapter  
8 or of the State General Obligation Bond Law, if the Treasurer  
9 sells bonds pursuant to this chapter that include a bond counsel  
10 opinion to the effect that the interest on the bonds is excluded  
11 from gross income for federal tax purposes, subject to designated  
12 conditions, the Treasurer may maintain separate accounts for the  
13 investment of bond proceeds and for the investment of earnings  
14 on those proceeds. The Treasurer may use or direct the use of the  
15 proceeds or earnings to pay any rebate, penalty, or other payment  
16 required under federal law or take any other action with respect  
17 to the investment and use of those bond proceeds required or  
18 desirable under federal law to maintain the tax-exempt status of  
19 those bonds and to obtain any other advantage under federal law  
20 on behalf of the funds of this state.

21 129642. The Legislature hereby finds and declares that,  
22 inasmuch as the proceeds from the sale of bonds authorized by  
23 this chapter are not “proceeds of taxes” as that term is used in  
24 Article XIII B of the California Constitution, the disbursement of  
25 these proceeds is not subject to the limitations imposed by that  
26 article.

27 SEC. 2. Section 1 of this act shall take effect upon the  
28 approval by the voters of the Safe Hospitals Bond Act of 2005, as  
29 set forth in Section 1 of this act.

30 SEC. 3. Section 1 of this act shall be submitted to the voters at  
31 the next statewide election in accordance with provisions of the  
32 Government Code and the Elections Code governing the  
33 submission of a statewide measure to the voters.

34 SEC. 4. (a) Notwithstanding any other provision of law, all  
35 ballots of the election shall have printed thereon and in a square  
36 thereof, the words: “Safe Hospitals Bond Act of 2005,” and in  
37 the same square under those words, the following in 8-point type:  
38 “This act provides for a bond issue of \_\_\_\_ dollars (\$\_\_\_\_) to  
39 provide funds for construction, retrofit, and replacement of  
40 hospital facilities.” Opposite the square, there shall be left spaces

1 in which voters may place a cross in the manner required by law  
2 to indicate whether they vote for or against the act.

3

4 (b) Where voting in the election is done by means of voting  
5 machines used pursuant to law in a manner that carries out the  
6 intent of this section, the use of the voting machines and the  
7 expression of the voters' choice by means thereof are in  
8 compliance with this act.

9 SEC. 5. Notwithstanding any other provision of this act,  
10 Sections 1 to 4, inclusive, of this act shall not be operative and  
11 are for display purposes only. Therefore, no fund shall be  
12 established and no bonds shall be issued or sold pursuant to this  
13 act, no portion of this act shall be submitted to the voters of the  
14 State of California, and nothing in this act shall create any debt or  
15 liability of the state.